



# A Fresh Perspective

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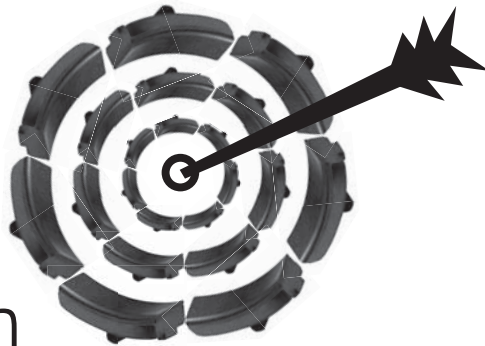
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### Caution regarding forward-looking statements

In this annual report, we have disclosed some forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



# A Fresh Perspective

**The world is changing at a rapid pace. Aided by the rapid advancements in technology, telecommunication, information technology and most significantly the new generation consumer; a new world order is fast emerging.**

In addition to the changing macro environment, Automobile, our core playground, also needs to align with a constantly moving object called today's customer who demands more. Vehicle that weighs lesser, consumes lesser energy, is easy to manoeuvre, offers added features and convenience and much more. Emerging socio-economic and demographic dimensions are shaping a new automobile world order. Various reports indicate of India's ascent as a global leader both in terms of market size as well as production volumes.

As one of the leading Indian automotive component suppliers to the global OEMs, we have further strengthened our value proposition despite the low growth phase of recent years. With Indian markets poised to transit into its next phase of steady growth, our decadal journey of profitable growth has got enriched with A FRESH PERSPECTIVE.

# The World of Rane Brake Lining

- ▶ Established in 1964, Rane Brake Lining Limited (RBL) is part of the Rane Group of Companies, a leading auto component group based out of Chennai
- ▶ Manufactures of friction material products such as Brake linings, Disc pads, Clutch facings, Clutch buttons, Brake Shoes and Railway brake blocks
- ▶ Market leader in India and global player in friction material
- ▶ Technical collaboration with Nisshinbo Brakes Inc, Japan for know how in asbestos free brake linings, disc pads & clutch facings
- ▶ Application in every segment of automobile industry such as passenger vehicle, commercial vehicle and 2 and 3 wheelers
- ▶ Supplier of composite brake blocks to Indian Railways, with presence in Passenger, Electrical Multiple Unit (EMU), Freight, Locomotive and Metro Rail



## Vision

To be a global supplier of choice in friction material industry through technological innovation and total quality

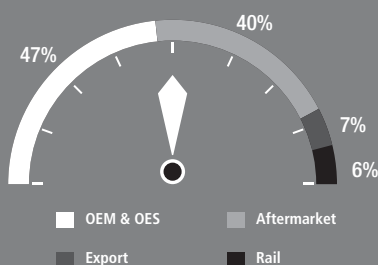
## Manufacturing Plants

Locations	Products
Chennai	Brake linings, Disc pads, Clutch facings and Composite brake blocks
Hyderabad	Brake linings, Clutch facings & Sintered clutch buttons, Composite brake blocks
Puducherry	Disc pads, clutch facings and Composite brake blocks
Trichy	Disc pads & Brake linings

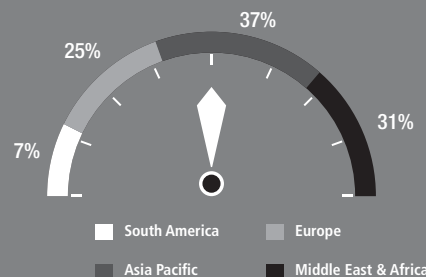
## Quality Accreditation

ISO 9000:2008	Quality Management
TS16949:2009	Quality Management
OHSAS 18001:2007	Occupational Health and Safety Management
ISO 14001:2004	Environmental Management
Deming Prize	Total Quality Management (TQM)
Deming Grand Prize	Excellence in TQM
















Revenue mix by market segment (FY15)



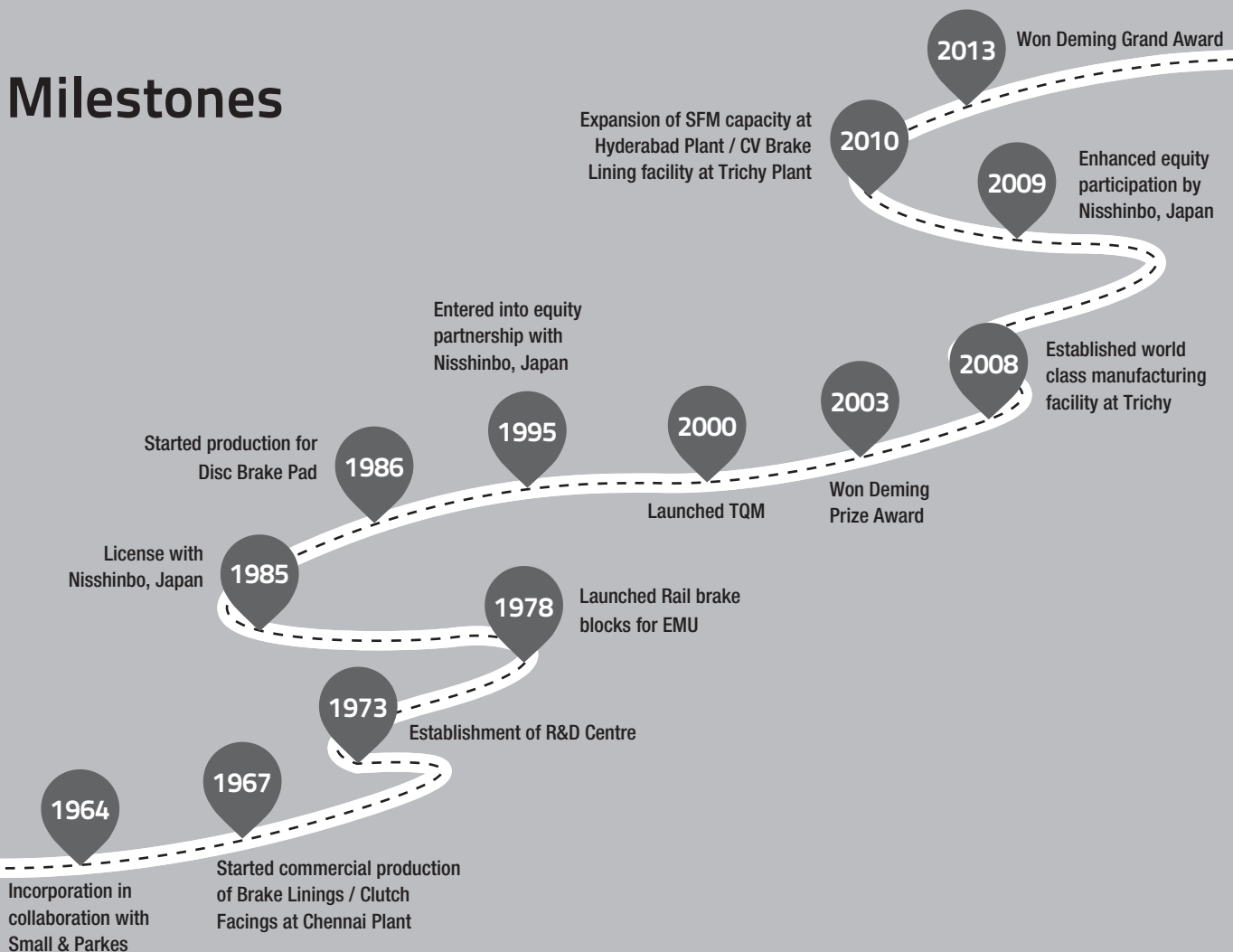
Export Revenue mix by geography (FY15)



# Key Customers

OEM Category	 <b>MARUTI SUZUKI</b>	 <b>TOYOTA</b>	 <b>HONDA</b>	 <b>NISSAN</b>
	<b>DAIMLER</b>	 <b>VW</b>	 <b>BHARATBENZ</b>	 <b>SKODA AUTO</b>
Tier-1	 <b>Brakes India Limited</b>	 <b>CHASSIS BRAKES INTERNATIONAL</b>	 <b>brembo</b>	 <b>ENDURANCE Complete Solutions</b>
Others	 <b>JMA</b>	 <b>SPEED-A-WAY PRIVATE LTD.</b> PARTS AND COMPONENTS MARKETING SPECIALISTS	 <b>GO</b>	 <b>PARTAP SINGH &amp; SONS</b>

# Milestones



# Financial Highlights

## Operational Performance

Particulars	(Rs. in Cr)				
	FY15	FY14	FY13	FY12	FY11
Total Income	418.49	386.51	379.68	363.52	308.32
EBITDA	47.56	42.61	36.08	43.76	36.49
PBT	20.60	16.73	10.92	21.90	19.67
PAT	16.11	17.21	9.10	16.19	15.29

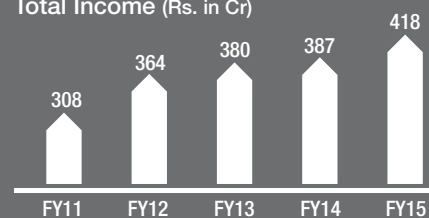
## Balance Sheet Summary

Particulars	(Rs. in Cr)				
	FY15	FY14	FY13	FY12	FY11
Equity Capital	7.91	7.91	7.91	7.91	7.91
Shareholders' Funds	121.71	112.26	102.01	96.59	86.84
Non current Liabilities	23.83	39.16	56.63	59.55	46.79
Current Liabilities	109.55	116.51	102.87	95.60	73.22
Non Current Assets	129.50	143.14	148.44	132.28	115.14
Current Assets	125.60	124.81	113.07	119.46	91.71

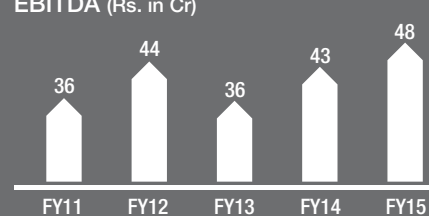
## Ratios

Particulars	FY15	FY14	FY13	FY12	FY11
RoCE (%)	12.74	10.91	7.65	13.92	15.00
RoNW (%)	13.77	16.07	9.16	17.65	18.76
EPS (Rs.)	20.36	21.76	11.50	20.45	19.31
BVPS (Rs.)	153.77	141.84	128.88	122.03	109.72

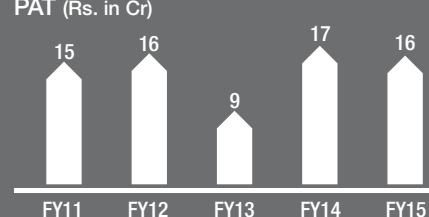
Total Income (Rs. in Cr)



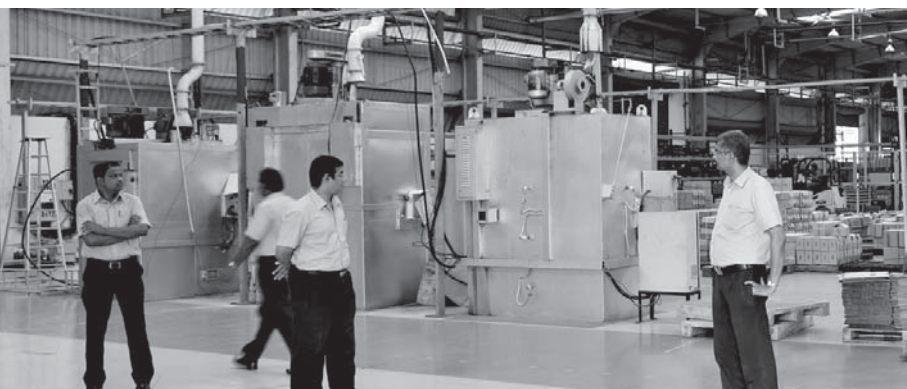
EBITDA (Rs. in Cr)



PAT (Rs. in Cr)



RoCE (In %)





**Board of Directors**

L GANESH

*Chairman*

L LAKSHMAN

S A MURALI PRASAD

ANIL KUMAR V EPUR

S SANDILYA

SURESH CHANDRA GUPTA

RANJANA KUMAR

HARISH LAKSHMAN

KAZUHIRO IWATA

*(Nominee of Nisshinbo Holdings Inc., Japan)***Audit Committee**

S SANDILYA

*Chairman*

S A MURALI PRASAD

L GANESH

SURESH CHANDRA GUPTA

**Stakeholders' Relationship Committee**

HARISH LAKSHMAN

*Chairman*

ANIL KUMAR V EPUR

L GANESH

**President / Manager**

P S RAO

**Senior Vice President**

VINAY LAKSHMAN

**Vice President - Finance / Chief Financial Officer**

M A P SRIDHAR KUMAR

**Secretary**

VENKATRAMAN

**Listing of Shares on**

BSE Limited, Mumbai

National Stock Exchange of India Limited, Mumbai

**Auditors**

VARMA &amp; VARMA

Chartered Accountants

105, "Sreela Terrace" First Main Road

Gandhi Nagar, Adyar,

Chennai - 600 020

**Bankers**

HDFC Bank Limited

IDBI Bank Limited

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation

State Bank of India

YES Bank Limited

**Registered Office**

"MAITHRI",

132, Cathedral Road

Chennai 600 086

Phone : 044-28112472

Fax : 044-28112449

Email : investorservices@rane.co.in

**Plants**

- 1) Plot No. 30, Industrial Estate  
Ambattur, Chennai 600 058  
Tamil Nadu
- 2) Pregnapur Village  
Gajwel Mandal  
Siddipet Highway  
Medak District 502 311  
Telangana
- 3) RS No. 48, 49 & 50,  
Sanyasikuppam Village  
Mannadipet Commune  
Thirubhuvanai Post  
Puducherry 605 107
- 4) Sethurapatti Village  
Fathima Nagar Post  
Srirangam Taluk  
Trichy - 620 012  
Tamil Nadu

**Registrar and Transfer Agent**

Integrated Enterprises (India) Limited

II Floor, "Kences Towers",

No 1 Ramakrishna Street

North Usman Road,

T Nagar, Chennai 600 017

Ph: 044-28140801-03

E-mail: corpserv@integratedindia.in

# Report of the Board of Directors

Your Directors have pleasure in presenting their Tenth Annual Report together with the accounts for the year ended March 31, 2015 and other prescribed particulars:

## 1. Financial Performance

The financial highlights for the year under review are as follows:

(Rs. Crores)

Particulars	2014-15	2013-14
Sales and Operating Revenues	416.41	384.11
Other Income	2.08	2.40
Profit before tax	20.60	16.73
Provision for Tax	4.49	(0.48)
Profit after tax	16.11	17.21
Surplus brought forward	46.44	37.91
Profit available for appropriation	62.55	55.12

Key Performance indicators, operational performance and balance sheet summary are furnished in Page No. 4 of this annual report

The Sales and Operating Revenues grew by 8.4% the Profit before tax improved by 23% over the previous year.

Earnings per share for the year 2014-15 was Rs. 20.36/- as against Rs. 21.76/- in the previous year.

There was no material change or commitment, affecting the financial position of the Company between the end of the financial year of the Company and the date of the report other than those disclosed in the financial statements.

There was no change in nature of business during the year. The Company is a subsidiary company of Rane Holdings Limited (RHL / holding company). The Company does not have any subsidiary, associate or joint venture. During the year, Rane Engine Valve Limited (REVL), a fellow subsidiary of the Company, amalgamated into itself, Kar Mobiles Limited (KML) an associate company of the holding company.

## 2. Appropriation

Out of the profit available for appropriation of Rs. 62.55 crores, the directors have recommended a dividend of 70% (i.e Rs. 7/-per share) for the year ended March 31, 2015. The total dividend amount inclusive of distribution tax and surcharge thereon would be Rs. 6.67 crores. After transfer of Rs. 49.21 crores to the general reserve, Rs. 6.67crores has been retained as surplus in the profit and loss account.

## 3. Management Discussion & Analysis

Your Company is engaged in the manufacturing and marketing of auto components for transportation industry viz., friction material (Brake Linings, Clutch Facings, Clutch Buttons, Disc Pads, Brake Shoes and Brake Blocks). A detailed analysis on the performance of the industry and the Company are enumerated in the Management Discussion and Analysis report forming part of this report and annexed as **Annexure 'A'**.

## 4. Board of Directors

### 4.1 Composition

The composition of the Board of Directors of the Company is furnished in the Corporate Governance Report annexed to this report.

The Company has issued a letter of appointment to all independent directors and the terms and conditions of their appointment have been disclosed on the website of the Company and available at <http://rane.co.in/pdf/investors/rbl/rbltermsid.pdf>

In terms of Section 149 of the Companies Act, 2013 (Act), Mr S A Murali Prasad, Mr S Sandilya, Mr Anil Kumar V Epur and Mr Suresh Chandra Gupta, Independent Directors were appointed by the shareholders at the 9<sup>th</sup> Annual General Meeting held on July 22, 2014, for a period of three years to hold office from the conclusion of the 9<sup>th</sup> AGM till the conclusion of 12<sup>th</sup> AGM. Ms. Ranjana Kumar was co-opted to the Board as an additional director (in the category of independent director) on January 23, 2015. The Board has recommended the appointment of Ms. Ranjana Kumar as independent director effective January 23, 2015 till the conclusion of 13<sup>th</sup> AGM. Notice has also been received from a member signifying his intention to propose her appointment as independent director of the Company at the ensuing AGM. The appointment of Ms. Ranjana Kumar also fulfils the criteria of appointment of women director on the Board under section 149(1) of the Companies Act, 2013 and clause 49 of the listing agreement.

All the independent directors have affirmed that they satisfy the criteria laid down under section 149(6) of the Companies Act, 2013 and clause 49 of the listing agreement.



#### 4.2 Retirement by rotation

At the ensuing Annual General Meeting (AGM), Mr. L Lakshman retires by rotation and being eligible, offer himself for re-appointment. The notice convening the AGM includes the proposal for his re-appointment as director.

#### 4.3 Board Meetings

A calendar of meetings is prepared and circulated in advance to the directors. During the year five (5) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening period between two consecutive meetings was less than 120 days.

#### 4.4 Meeting of Independent Directors

During the year, a separate meeting of Independent Directors was held. All the Independent Directors were present at this meeting. In the said meeting, the Independent Directors assessed the quality, quantity and timeliness of flow of information between the management and the Board and expressed that the current flow of information and contents were adequate for the Board to effectively perform its duties.

### 5. Board and Management

#### 5.1 Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and clause 49 of the listing agreement, the annual evaluation of the Board, its committees and directors individually is carried out as per the criteria laid down by the Nomination and Remuneration Committee.

The evaluation of Board and its committees are founded on the structure, composition, effectiveness in terms of roles and responsibilities and processes encompassing the information flow and functioning. The guiding standards for the assessment of performance of directors (including the independent directors) are their attendance and participation at board meetings, sharing of their relevant domain expertise, networking in other forums, their strategic inputs and demonstration towards governance compliances.

For evaluation of performance of the Chairman additional aspects like institutional image building, providing guidance on strategy and performance, maintaining an effective and healthy relationship between the Board and the management are taken into consideration. The evaluation methodology is comprehensive and commensurate with the size of the Board and the Company.

#### 5.2 Familiarisation program for independent directors

The company has framed a familiarisation program for independent directors which has been put up on the website and available at <http://rane.co.in/ranebrakelining/rblinvestors.html>

#### 5.3 Key Managerial Personnel

Mr. P S Rao, President, appointed as 'Manager' under Companies Act, 2013 and Mr MAP Sridhar Kumar, Vice-President – Finance, hold the office of Key Managerial Personnel as Manager and Chief Financial Officer, respectively.

Mr. G Karthikeyan, resigned as Secretary of the Company on February 27, 2015. Mr. Venkatraman has been appointed as Company Secretary in this vacancy, with effect from May 22, 2015 as per the recommendations of Nomination and Remuneration Committee.

#### 5.4 Remuneration policy

The policy on appointment, remuneration and evaluation criteria for Directors and Senior Management is as per the recommendations of the Nomination and Remuneration Committee of the Board. The Company recognizes that compensation is a strategic lever in the achievement of vision and goals. The compensation philosophy is designed to attract, motivate and retain talented employees who drive the company's success and it aims at aligning compensation to goals of the company, performance of the individual, internal equity, market trends and industry practices, legal requirements and appropriate governance standards.

The remuneration to Directors, Key Managerial Personnel and Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The Nomination and Remuneration Committee recommends the remuneration of Directors and Senior Management as a group, which is approved by the Board of Directors, subject to the approval of shareholders, where necessary.

### 6. Audit

#### 6.1 Audit Committee

In terms of the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the listing agreement, the Audit Committee of the Board was re-constituted to act in accordance with the terms of reference prescribed therein. Detailed disclosure on compositions, terms of reference and meetings of

the Audit Committee are furnished in the Corporate Governance Report.

## 6.2 Statutory Auditors

M/s. Varma & Varma, Chartered Accountants were appointed as Statutory Auditors at the last (ninth) Annual General Meeting (AGM) held on July 22, 2014, for a period of three years i.e until the conclusion of the twelfth AGM. Their appointment is however, subject to ratification by the members at every AGM.

The Company has received letter from the Statutory Auditors consenting to the re-appointment and a confirmation to the effect that their appointment, would be within the prescribed limits and that they do not suffer from any disqualifications under Section 141 of the Companies Act, 2013 and the rules made thereunder. M/s. Varma & Varma have also submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India. The Statutory Auditors Report does not contain any qualification, reservation, adverse remark or disclaimer.

## 6.3 Cost Auditors

Pursuant to section 148 of the Companies Act, 2013 and subject to notification of rules thereunder, the board of directors had on the recommendation of the audit committee appointed M/s. STR & Associates, Cost Accountants, as the cost auditors of the Company for the financial year 2014-15. However, as per Companies (cost records and audit) Rules, 2014 notified by Ministry of Corporate Affairs, cost audit is not applicable to the Company by virtue of its turnover being less than the prescribed limits. Therefore, the Board did not proceed with the appointment of cost auditor and cost audit for the year 2014-15.

## 6.4 Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s S Krishnamurthy & Co., a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The report on the Secretarial Audit carried out for the year 2014-15 is annexed herewith as 'Annexure -B'. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

## 6.5 Internal Auditors

The Company continues to engage M/s Capri Assurance and Advisory Services, a firm of independent assurance service professionals, as Internal Auditors of the Company. Their scope of work includes review of

processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Audit findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on a regular basis to improve efficiency in operations.

## 7. Directors' Responsibility Statement

In terms of Section 134(3)(c) read with section 134(5) of the Companies Act, 2013, the Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm that they had:

- (i) followed the applicable accounting standards in the preparation of the financial statements for the financial year 2014-15 and there are no material departures;
- (ii) selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities and
- (iv) prepared the financial statements for the financial year on a 'going concern' basis.
- (v) laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and were operating effectively.
- (vi) devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## 8. Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Related Parties which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior